

AMENDED IN ASSEMBLY AUGUST 15, 2005

AMENDED IN ASSEMBLY JUNE 23, 2005

AMENDED IN SENATE MAY 31, 2005

AMENDED IN SENATE MAY 23, 2005

**SENATE BILL**

**No. 131**

**Introduced by Senator Chesbro**

January 31, 2005

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An act to add Sections 14132.101 ~~and 14132.102~~, *14132.102*, and *14132.103* to the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 131, as amended, Chesbro. Medi-Cal: federally qualified health centers and rural health clinics: reimbursement rates.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and under which health care services are provided to qualified low-income persons. Federally qualified health center (FQHC) services and rural health clinic (RHC) services described under federal law are covered Medi-Cal benefits. Existing law requires that FQHCs and RHCs be reimbursed on a per-visit basis and defines "visit" for this purpose as a face-to-face encounter between the FQHC or RHC patient and designated health care providers under prescribed conditions.

~~This bill would provide that FQHC services shall only be reimbursed pursuant to these provisions if the services are furnished by certain providers to an individual who is an FQHC patient, as defined under the bill, at any one of 9 types of locations. The bill would require prior approval by the Director of Health Services for reimbursement as provided under these FQHC provisions for services~~

~~furnished in the office of a provider to both FQHC patients and individuals who are not patients of the FQHC.~~

Existing law authorizes an FQHC to elect to be reimbursed on a fee-for-service basis for pharmacy and dental services.

Existing law establishes procedures for a federally qualified health center or rural health clinic to submit scope-of-service rate change requests to qualify for an adjustment to its per-visit rate.

~~This bill would authorize an FQHC to elect to be reimbursed on a fee-for-service basis, in addition, for Medi-Cal covered services that are provided pursuant to a written agreement with a health care provider if the service is not a type commonly furnished in the clinic setting. The bill would require that the costs associated with the services be adjusted out of the FQHC's clinic prospective payment rate as a scope-of-service change.~~

*This bill, notwithstanding existing law, would deem a scope-of-service change request to be timely when filed within 150 days following the beginning of the FQHC's or RHC's fiscal year following the year in which the change occurred.*

Existing law provides for the establishment of a commission to operate a local initiative that provides or arranges for the delivery of health care services in all or part of the geographic area of Los Angeles County. Existing law authorizes the department to obtain approval for a demonstration or pilot project under applicable federal laws in connection with the local initiative in Los Angeles County.

This bill would require FQHCs that are receiving cost-based reimbursement under the terms of the Los Angeles County Section 1115 Waiver Demonstration Project on June 30, 2005, *referred to as "Los Angeles cost-based FQHCs,"* to transition to a prospective payment system rate upon expiration of that waiver.

*This bill would require, notwithstanding existing law, requests for rate adjustments for scope-of-service rate changes submitted by Los Angeles cost-based FQHC's relating to scope-of-service changes occurring in a fiscal year including dates prior to July 1, 2005, to be finalized by the department within 150 days of receipt of the claims for reimbursement, and would require these claims for reimbursement to be paid within 30 days of being finalized by the department.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 14132.101 is added to the Welfare and  
2     Institutions Code, to read:

3     14132.101. (a) Notwithstanding paragraphs (4) and (5) of  
4     subdivision (e) of Section 14132.100, a scope-of-service change  
5     request, whether mandatory or permissive, shall be timely when  
6     filed within 150 days following the beginning of the federally  
7     qualified health center's or rural health clinic's fiscal year  
8     following the year in which the change occurred.

9     (b) Notwithstanding subdivision (a), and notwithstanding  
10    subdivision (e) of Section 14132.100, a federally qualified health  
11    center described in Section 14132.102 shall be deemed to have  
12    filed a scope-of-service change in a timely manner upon  
13    compliance with the requirements set forth in subdivision (c) of  
14    Section 14132.102.

15    SECTION 1. ~~Section 14132.101 is added to the Welfare and~~  
16    ~~Institutions Code, to read:~~

17    ~~14132.101. (a) A federally qualified health center (FQHC)~~  
18    ~~shall be directly reimbursed on a per-visit basis for federally~~  
19    ~~qualified health center services (FQHC services), as defined in~~  
20    ~~Section 1396d(a)(2)(C) of Title 42 of the United States Code, in~~  
21    ~~the manner set forth in Section 14132.100, and applicable~~  
22    ~~provisions of state and federal Medicaid law relating to FQHCs.~~

23    ~~(b) FQHC services shall be reimbursed as described in~~  
24    ~~subdivision (a), when these services are furnished by a provider~~  
25    ~~specified in subdivision (g) of Section 14132.100 to an individual~~  
26    ~~who is a patient of the FQHC, as defined by subdivision (c), at~~  
27    ~~any of the following locations:~~

28    ~~(1) A clinic licensed or exempt from licensure under Section~~  
29    ~~1204 or 1206 of the Health and Safety Code, and that is owned or~~  
30    ~~operated by the FQHC.~~

31    ~~(2) A mobile health care unit licensed or exempt from~~  
32    ~~licensure under Chapter 9 (commencing with Section 1765.101)~~  
33    ~~of Division 2 of the Health and Safety Code, and that is owned or~~  
34    ~~operated by the FQHC.~~

35    ~~(3) An adult day health care facility licensed under Chapter~~  
36    ~~3.3 (commencing with Section 1570) of Division 2 of the Health~~  
37    ~~and Safety Code, and that is owned or operated by the FQHC.~~

~~(4) A health care facility licensed or described in Division 2 (commencing with Section 1200) of the Health and Safety Code, where a patient of the FQHC is being treated for health or medical reasons.~~

~~(5) A private or public preschool, elementary school, secondary school, or postsecondary school, including services of the type described in Section 14132.06.~~

~~(6) A location outside the clinic that is a migrant labor camp, farmworker housing as described in subdivision (d) of Section 50199.50 of the Health and Safety Code, or housing for migratory agricultural workers as described in Section 50710 of the Health and Safety Code.~~

~~(7) Any location outside the clinic when the services are furnished to an individual who does not reside in a permanent dwelling or does not have a fixed home or mailing address.~~

~~(8) A patient's home or a board and care facility.~~

~~(9) Any location where services of a type commonly furnished in the clinic setting are furnished to a patient of the FQHC, and where the patient must be treated at the location rather than at the FQHC site for health or medical reasons.~~

~~(c) "Patient" shall have the meaning adopted by the United States Department of Health and Human Services, Health Resources and Services Administration, for purposes of implementing the 340B Discount Drug Program, as established under Section 430B of the Public Health Act, Section 254b of Title 42 of the United States Code.~~

~~(d) Notwithstanding subdivision (b), where the services are furnished in the office of a provider of a type specified in subdivision (g) of Section 14132.100, by that provider, to both FQHC patients and to individuals who are not patients of the FQHC, the services that are provided on behalf of the FQHC shall not be reimbursable to the FQHC in the manner described in subdivision (a), unless the arrangement has received the prior approval of the director as being necessary and appropriate to ensuring access to the necessary health care services by Medi-Cal program beneficiaries.~~

~~(e) In addition to the goods and services identified in subdivision (k) of Section 14132.100, an FQHC may elect to be reimbursed on a fee-for-service basis for Medi-Cal covered services that are provided pursuant to a written agreement with a~~

1 ~~health care provider if the services are not of a type commonly~~  
2 ~~furnished in the clinic setting. The costs associated with these~~  
3 ~~services shall be adjusted out of the FQHC's clinic prospective~~  
4 ~~payment rate as a scope of service change in the manner set forth~~  
5 ~~in subdivision (e) of Section 14132.100. These services shall~~  
6 ~~include, but not be limited to, obstetrical and gynecological~~  
7 ~~surgical services when provided by a primary care physician or~~  
8 ~~certified nurse midwife on an inpatient basis, and such additional~~  
9 ~~services as approved by the department on a case-by-case basis.~~

10 SEC. 2. Section 14132.102 is added to the Welfare and  
11 Institutions Code, to read:

12 14132.102. (a) Federally qualified health centers (FQHC)  
13 that are receiving cost-based reimbursement under the terms of  
14 the Los Angeles County 1115 Waiver Demonstration Project on  
15 June 30, 2005, shall be required to transition to a prospective  
16 payment system (PPS) rate upon expiration of that waiver. These  
17 FQHCs shall be referred to in this section as "Los Angeles  
18 cost-based FQHCs."

19 (b) For visits occurring on or after July 1, 2005, Los Angeles  
20 cost-based FQHCs shall receive a PPS rate equivalent to the  
21 following:

22 (1) FQHC sites that were in existence during the FQHC's  
23 2000 fiscal year shall be permitted to elect their 2000 per-visit  
24 rates or the average of the 1999 and 2000 per-visit rates as  
25 reported on the cost reports submitted for those fiscal years  
26 adjusted as described in subdivision (c).

27 (2) FQHC sites that were first qualified as an FQHC after the  
28 site's 2000 fiscal year shall receive a base rate equivalent to the  
29 first full fiscal year rate, as ~~reported~~ *audited* on the cost report  
30 submitted for that fiscal year and adjusted as described in  
31 subdivision (c).

32 (3) Sites that were first qualified as an FQHC after the site's  
33 2000 fiscal year, and that have not yet filed a cost report for their  
34 first full fiscal year shall have a rate set in accordance with  
35 subdivision (i) of Section 14132.100 and adjusted as described in  
36 subdivision (c).

37 (c) The base rates described in this section shall be adjusted in  
38 the manner described in subdivisions (d), (e), and (f) of Section  
39 14132.100. No new cost reports shall be required in order for a  
40 Los Angeles cost-based FQHC to claim scope of service changes

1 occurring prior to July 1, 2005, only a description of the events  
2 triggering any applicable rate changes. This information shall be  
3 provided by the FQHC no later than July 1, 2006.

4 (d) The department shall, by no later than March 30, 2006,  
5 promptly seek all necessary federal approvals in order to  
6 implement this section, including any amendments to the state  
7 plan. To the extent that any element or requirement of this  
8 section is not approved, the department shall submit a request to  
9 the federal Centers for Medicare and Medicaid Services for any  
10 waivers that would be necessary to implement this section.

11 (e) Notwithstanding Chapter 3.5 (commencing with Section  
12 11340) of Part 1 of Division 3 of Title 2 of the Government  
13 Code, and only to the extent that all necessary federal approvals  
14 are obtained and there is an appropriation for the purposes of  
15 implementing this section, the department may implement this  
16 section without taking any regulatory action and by means of a  
17 provider bulletin or similar instructions.

18 *SEC. 3. Section 14132.103 is added to the Welfare and*  
19 *Institutions Code, to read:*

20 *14132.103. Notwithstanding Section 14132.107, requests for*  
21 *rate adjustments for scope-of-service rate changes submitted by*  
22 *Los Angeles cost-based FQHCs, as defined in subdivision (a) of*  
23 *Section 14132.102, relating to scope-of-service changes*  
24 *occurring in a fiscal year including dates prior to July 1, 2005,*  
25 *shall be finalized by the department within 150 days of receipt of*  
26 *the claims for reimbursement. These claims for reimbursement*  
27 *shall be paid within 30 days of being finalized by the department.*  
28 *However, the payment of those amounts that are disputed shall*  
29 *be subject to the requirements, timeframes, and procedures*  
30 *specified in Section 14171. Scope changes going forward shall*  
31 *be finalized within 90 days of receipt and paid within 30 days of*  
32 *being finalized by the department.*